

BRIEFLY

TFFR News Briefs for Employers from the ND Retirement and Investment Office
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TFFR Legislation

TFFR has forwarded one bill for consideration to the 2003 Legislative Assembly. Enclosed is a summary of the proposed changes. A complete bill draft is available at the Retirement and Investment Office. You may also view the entire bill and a summary of the bill status as it moves through the session at our website.

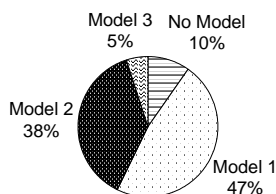
TFFR administrative bill changes:

- Definition of salary
- Dual membership guidelines
- Retiree return to teach limits
- Purchase of service credit acceptance of rollover dollars and allows employer to purchase service credit on behalf of a member
- 5-year Term Certain and Life Option to a 20-year Term Certain and Life Option and adds a Partial Lump Sum Distribution Option

Model Analysis

TFFR is available to answer questions concerning the methods an employer may use to pay member retirement contributions. We provide analysis on how changing models could impact the district and teachers. Since an employer payment plan must begin as of July 1 (retroactive to July 1 if negotiations are settled at a later date); it is important to receive and discuss this analysis in a timely fashion. An example of an employer payment plan model analysis has been included with this mailing.

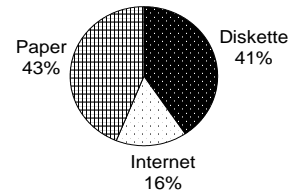
Model Usage



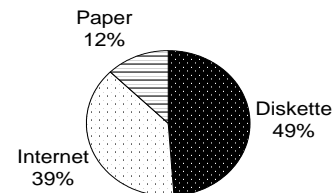
TFFR Reporting

TFFR has 57% of the school districts reporting electronically. Currently 41% of the districts are by diskette and 16% are by internet. We currently have 21 school districts waiting to report over the internet. If you would like to transfer to internet reporting, please contact Curt at the Administrative office.

Employer Reporting by Type



Teachers Reported by Type

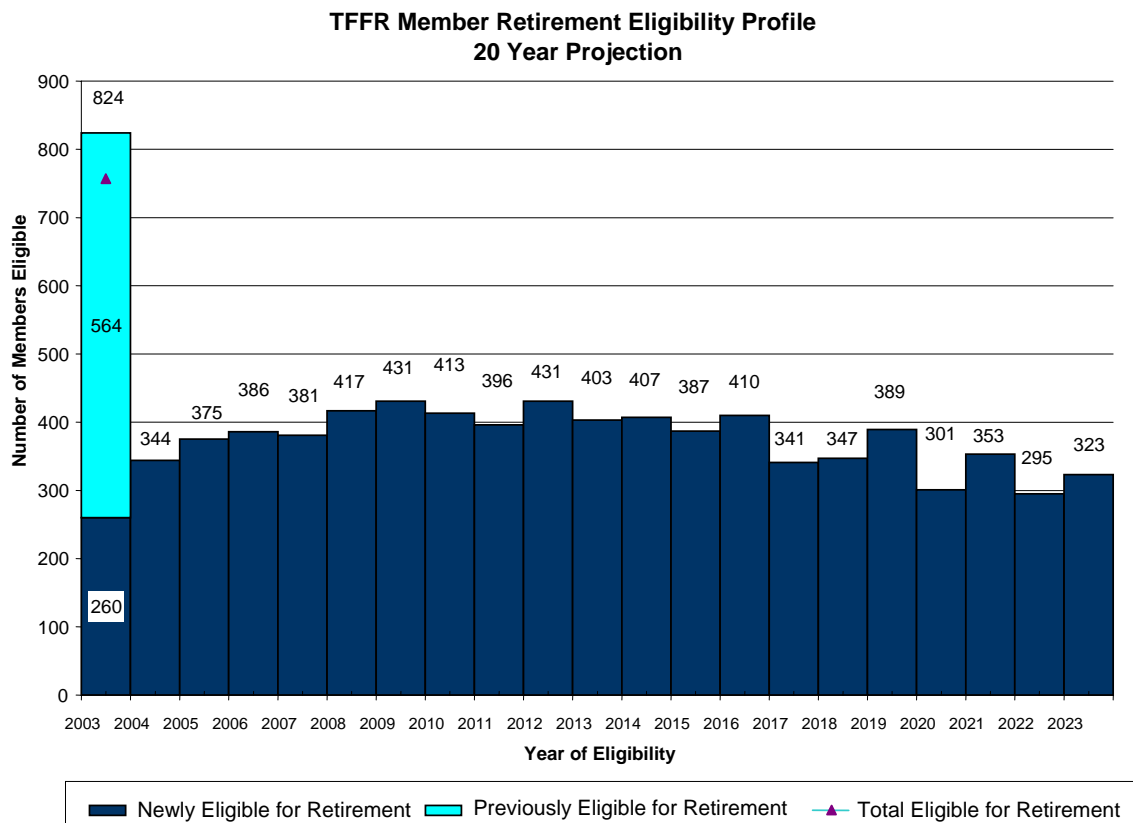


E-Mail Update

The TFFR Disaster Recovery Committee is compiling a list of central e-mail addresses for each employer. In case of an emergency, TFFR may use this e-mail address to pass along important information. We would also like the current e-mail address for the business manager. Please fill out the attached form or e-mail the information to rio@state.nd.us by January 15, 2003. Thank you.

Retirement Eligibility Profile

The following is a sample of a retirement eligibility profile for all active and inactive vested members of TFFR. This profile can also be done by individual school district. If you would like a profile, please contact the Retirement and Investment Office.



The Baby Boomers are Coming!

Currently, 824 members are eligible for non-reduced retirement benefits (Rule of 85 or age 65). You can see the upward trend in the number of members who become newly eligible for retirement each year. TFFR is anticipating that the number of members retiring in the next ten years will increase dramatically.

As part of the retirement process, TFFR requires copies of the following documentation. To make sure the retirement process runs smoothly, we ask that you assist your employees in a timely manner as they need copies of this documentation.

- Proof of Age
- Proof of Beneficiary's Age
- Current Year Teaching Contract
- Extra Pay Documentation
- Early Retirement Agreement or Resignation and Acceptance
- Current Social Security Benefit Estimate

Teachers/Legislators

If any of your TFFR employees are serving in the 2003 Legislative Assembly, please review the options available for reporting these members to TFFR.

- The employer and the teacher/legislator may enter an agreement by which payment for any lost service and salary is made as though the teacher was not on a legislative leave of absence. One important benefit in selecting this option is that the entire salary is reported to TFFR. If this salary is one of the high three salaries, it may be very beneficial to the member to have this full salary reported to TFFR should they pass away, become disabled, or retire in the next couple of years.
- If no agreement has been made, do not report the teacher to TFFR for the unpaid days. If a teacher is compensated for 700 hours or more, they will still earn a full year of service credit. The teacher/legislator may purchase any lost service credit by contacting the administrative office.

Audit

Have you been contacted by the TFFR Internal Audit Division in the past three or four years? If you answered YES, you may breathe a sigh of relief - for now. If you answered NO, then you could be one of the next districts picked for a compliance audit. Internal audit is finishing the first cycle of school district audits and has started to send out requests for the second cycle.

TFFR auditors will verify the following three areas:

- Member eligibility
- Eligible salary reported
- Service hours calculation

The requested information or documentation for the years being audited will be:

- Copies of the sample members':
 - Individual contract
 - Current teaching license
 - Payroll ledger detailing each check
- Copies of the school district's master contract, salary schedules, and extra-curricular activities payment schedules
- Explanation of the method used to report driver's education/summer school salary
- Written statement describing the length of the school day
- Written statement explaining the work schedule for full and part-time teachers
- Summary for any Section 125 – Flexible Benefits plan

In the first cycle of audits, Internal Audit staff found that most schools were generally in compliance. The top five areas needing corrections were:

- Salary reported in wrong fiscal year
- Service credit incorrectly calculated
- Ineligible person being reported
 - No written agreement
 - No current license
- Extra-curricular not being reported
 - In-staff subbing
 - Workshops
- Reporting fringe benefits as salary

Employing a Retired Teacher

To help us monitor the number of retirees returning to TFFR covered employment, all employers are required to complete and return the enclosed survey by January 15, 2003. Even if you do not employ a retired teacher, please return the signed form by the due date.

If you have not already done so, also submit a completed "Retired Member Employment Notification Form" and a copy of the retiree's contract.

CAFR Available

The Retirement and Investment Office's 2002 Comprehensive Annual Financial Report is available to all members and employers upon request. This information is also available on our website at www.discovernd.com/rio.



Happy Holidays!